



**Office of the Attorney General  
Paul G. Summers**

**NEWS RELEASE**

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**Tennessee based King Pharmaceuticals, Inc. settles for \$124 Million**

Tennessee has joined 48 other states and the federal government in a \$124 million agreement with King Pharmaceuticals, Inc., a Tennessee-headquartered manufacturer of generic drugs, Attorney General Paul G. Summers announced today.

The agreement addresses allegations King had not accurately calculated drug prices reported to the federal government from 1994 through 2002. The calculations are required by the federal Medicaid drug rebate statute to establish rebates for state Medicaid programs. As a result, Medicaid and other programs due rebates from King Pharmaceuticals were underpaid some \$62 million nationwide. The total agreement, including penalties, is \$124 million.

“We are satisfied with this agreement,” Attorney General Summers said. “The shortfalls from inaccurate calculations came from taxpayer money, and now, it will be returned as it should to the public program where it belongs.”

As part of the settlement, the state of Tennessee will recover \$5,378,988.26 for the Tennessee Medicaid Program. Two million dollars of that amount will be paid directly to Tennessee, with the balance going to the federal government to reimburse its share of the Medicaid costs.

The agreement also requires the company to enter into a Corporate Integrity Agreement with the Office of the Inspector General of the U.S. Department of Health and Human Services to be used to monitor the company’s operations and ensure compliance with the law in the future.

This settlement was reached with the assistance of the National Association of Medicaid Fraud Control Units and the Tennessee Bureau of Investigation, Medicaid Fraud Control Unit.